

Message Text

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ACTION EUR-12

INFO OCT-01 NEA-10 ISO-00 AID-05 CEA-01 CIAE-00 COME-00

EB-07 FRB-03 INR-07 NSAE-00 CIEP-01 SP-02 STR-04

TRSE-00 LAB-04 SIL-01 SAM-01 OMB-01 AGR-05 FEA-01

/066 W

----- 111258

R 301743Z JAN 76

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 415

INFO ALL EC CAPITALS 1610

AMEMBASSY TEHRAN

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E.O. 11652: N/A

TAGS: ETRD, EEC, IR

SUBJECT: EC/IRAN: A "PRIVILEGED" NOT PREFERENTIAL RELATIONSHIP

REF: 75 EC BRUSSELS 10109

1. BEGIN SUMMARY: THE MOST RECENT ROUND OF EXPLORATORY TALKS BETWEEN THE EC COMMISSION AND IRANIAN OFFICIALS APPEARS TO HAVE CLEARED THE WAY FOR A FORMAL COMMISSION REQUEST TO THE EC COUNCIL FOR NEGOTIATING DIRECTIVES PROVIDING FOR A "PRIVILEGED" BUT NOT PREFERENTIAL EC/IRAN AGREEMENT. END SUMMARY.

2. WE HAVE SPOKEN WITH SEVERAL COMMISSION OFFICIALS ABOUT THE CURRENT STATE OF PREPARATIONS FOR THE OPENING OF NEGOTIATIONS BETWEEN THE EC AND IRAN. SOAMES' CHEF DE CABINET, HANNAY, SAID THAT THE IRANIANS SEEMED TO BE COMING SLOWLY AROUND TOWARD THE COMMUNITY'S POSITION, I.E.,

THAT THERE NEED BE NO SPECIAL PREFERENTIAL ARRANGEMENT ALONG THE LINES

OF LOME OR THE MEDITERRANEAN AGREEMENTS. MEYNELL, THE DIRECTOR IN LIMITED OFFICIAL USE

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CHARGE OF NEGOTIATIONS WITH IRAN, IS ALSO CAUTIOUSLY OPTIMISTIC. EWIG,

THE DIVISION CHIEF CHARGED WITH IRANIAN AFFAIRS, SAID THAT THE JANUARY 27 MEETING IN PARIS BETWEEN COMMISSIONER GUNDELACH AND IRANIAN FINANCE MINISTER ANSARI, HAD CONVINCED THE COMMISSION THAT MATTERS HAD DEVELOPED WELL ENOUGH FOR THE COMMISSION TO TAKE TO ONE MORE STAGE ITS PROPOSAL FOR A FRAMEWORK AGREEMENT PROVIDING FOR A "PRIVILEGED" RELATIONSHIP BETWEEN THE EC AND IRAN BUT ONE WHICH DOES NOT CONTAIN MEDITERRANEAN-TYPE PREFERENTIAL ARRANGEMENTS.

3. THIS PRIVILEGED APPROACH WOULD ALSO INCLUDE ELEMENTS ALONG THE LINES OF THE PROPOSED ECONOMIC COOPERATION AGREEMENT FOR CANADA. IRAN DOESN'T WANT GSP TO BE THE CENTRAL ELEMENT OF SUCH AN ACCORD, HOWEVER, SINCE THE "EC GIVES THAT TO EVERYBODY." INSTEAD SOLUTIONS WILL BE FOUND TO DEAL WITH INDIVIDUAL TRADE INTERESTS USING "THE RANGE OF INSTRUMENTS AVAILABLE TO THE EC." ASKED WHAT THIS MEANS, EWIG SAID THAT IRAN'S MAIN "TRADE INTEREST" IS ITS CONCERN THAT ITS EXPORTS OF REFINED PETROLEUM PRODUCTS RECEIVE FAVORABLE TREATMENT IN THE EC. FOR ITS PART, THE COMMISSION FEELS IT CAN HANDLE THIS PROBLEM UNDER THE GSP. IN ANY CASE, EWIG SAYS, THIS IS NOT AN IMMEDIATE PROBLEM. IRAN'S EXPORTS OF REFINED PRODUCTS ARE NOT EXPECTED TO REACH REAL EXPORT VOLUME FOR FOUR TO FIVE YEARS. IN THE MEANTIME THE IRANIANS, IN ORDER TO PROTECT THEIR INVESTMENT, WANT TO SECURE ASSURANCES THAT THEIR REFINED PETROLEUM EXPORTS WILL RECEIVE FAVORABLE TREATMENT WHEN THE TIME COMES.

4. WE ASKED WHETHER REPORTS OF POSSIBLE LONG-TERM AGRICULTURAL CONTRACTS WITH IRAN, ALONG THE LINES OF THAT RECENTLY AGREED WITH EGYPT, MEANT THAT AGRICULTURAL CONCESSIONS OR LONG-TERM CONTRACTS MIGHT BE INCLUDED UNDER THE PROPOSED "PRIVILEGED" AGREEMENT. EWIG SAID DEFINITELY NOT -- NEITHER CONCESSIONS NOR LONG-TERM CONTRACTS COME WITHIN THE PURVIEW OF THE PROPOSED ACCORD. HE ADDED, HOWEVER, THAT THESE ISSUES COULD SUBSEQUENTLY BE TAKEN UP UNDER THE AEGIS OF THE JOINT COMMISSION THAT WILL GUIDE THE IMPLEMENTATION OF CLOSER RELATIONS BETWEEN IRAN AND THE EC UNDER THE ACCORD.

5. ON TIMING, EWIG SAID THAT HE AND HIS STAFF WILL NOW PROCEED TO DRAFT A COMMISSION COMMUNICATION TO THE COUNCIL CONTAINING THE REPORT OF THE EXPLORATORY TALKS TOGETHER WITH LIMITED OFFICIAL USE

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THE REQUEST FOR NEGOTIATING DIRECTIVES. HE ANTICIPATES THAT THE PAPER WILL BE SENT TO THE COUNCIL SECRETARIAT BEFORE THE END OF FEBRUARY FOR DISCUSSION BY COREPER, AND POSSIBLE ACTION BY THE COUNCIL IN MARCH. FORMAL NEGOTIATIONS COULD THEN BEGIN.
MORRIS

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MFN, TRADE LIBERALIZATION, PREFERENTIAL TARIFFS, TRADE AGREEMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 30 JAN 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976ECBRU01013
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760037-0437
From: EC BRUSSELS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t1976016/aaaaaejv.tel
Line Count: 112
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 EC BRUSSELS 10109
Review Action: RELEASED, APPROVED
Review Authority: morefirh
Review Comment: n/a
Review Content Flags:
Review Date: 05 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <05 APR 2004 by KelleyW0>; APPROVED <17 MAY 2004 by morefirh>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: EC/IRAN: A "PRIVILEGED" NOT PREFERENTIAL RELATIONSHIP
TAGS: ETRD, IR, BE, EEC
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006